OFFICIAL USE ONLY Decument niest tie Control: 11134 Classification RM/R Action Rec'd: July 16, 1960 DCL 7:21 a.m. FROM: Djakarta Info TO: Secretary of State SS NO: 157, July 15, 6 p.m. INR H FE SENT DEPARTMENT 157, REPEATED INFORMATION NEW DELHI 5 NEA E Draft India-Indonesia arrangement forthird country processing UMSC PL-480 cotton in India for account of Indonesia contains stan-ICA dard clause whereby India recognizes raw cotton from US to India IRC CIA RMR availability raw cotton yarns to countries unfriendly to US."

dard clause whereby India recognizes raw cotton from US to India will be in addition to raw cotton that would otherwise be imported from US and countries friendly to US. Indonesian Government amending this language as follows: "and will not result in increase availability raw cotton yarns to countries unfriendly to US."

Government of India through its Embassy here opposes this amendment on grounds such language not included in present or past PL-480 I agreements between India and US and has so informed Indonesian US Government. Further justification this position offered by govern ment of India as follows: (1) would require change in export policy since no restrictions any kind now in effect. View is that such restriction would be disturbing marketing factor and is not necessary because (2) Communist China and North Vietnam have not received yarns or textiles from India in recent years; (3) all cotton delivered to India for account of Indonesia will be processed in mills in India.

Request confirmation Indian Ambassador statement regarding language contained US-India PL-480 agreements and authority convey this information to GOI. Also request authority inform Indonesian Government amendment described above not required by US.

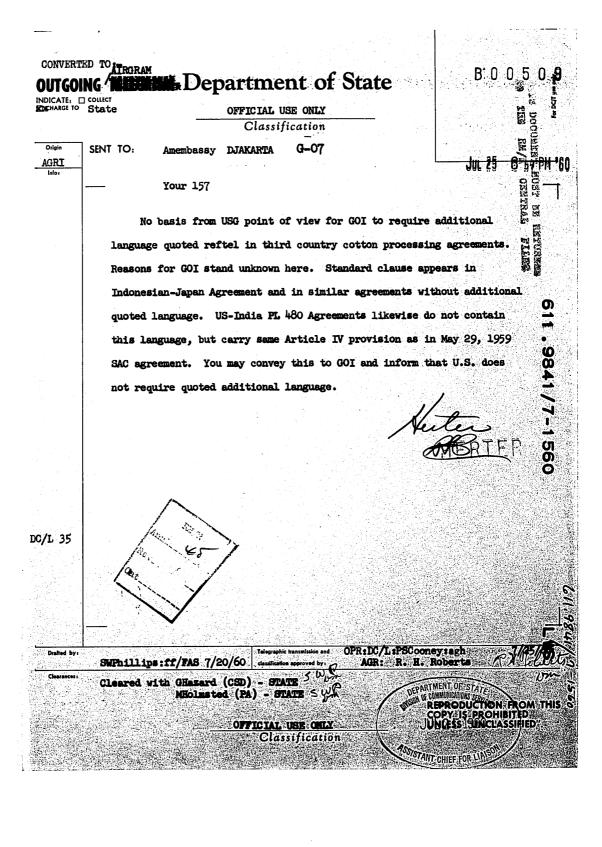


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Info SS L FΕ NEA FROM: DJAKARTA

Secretary of State

242, JULY 26, 2 PM

F. UMSC ICA RMR

RE EMBTEL 157

INDIAN EMBASSY REQUESTS REPLY SINCE NEGOTIATIONS BEING

**HENDERSON** 

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